

MEIDI (M) SDN BHD

A

v.

MEIDI-YA CO LTD, JAPAN & ANOR

COURT OF APPEAL, PUTRAJAYA

B

RICHARD MALANJUM JCA

HASHIM YUSOFF JCA

TENGKU BAHARUDIN SHAH JCA

[CIVIL APPEAL NO: W-02-563-1998]

23 OCTOBER 2007

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TRADE MARKS: *Registration - Competing applications for identical trade marks - Whether first user in Malaysia takes priority over long user well-established outside Malaysia - Trade Marks Act 1976, s. 19(3)*

TRADE MARKS: *Passing off - Similarity in trade marks - Goodwill and reputation - Whether proved*

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The first respondent was a company established in Japan since 1885 involved in the manufacturing and sale of biscuits, cakes, pastries and the like. The second respondent was a subsidiary of the first respondent incorporated in Malaysia on 23 November 1987. The appellant was a company involved in the manufacture and sale of bread, cakes and the like since 1986. The appellant used the trade mark and trade name "Meidi-ya FRESH BAKERY" together with the design of stalks of wheat being blown in the wind. In an application dated 8 December 1986, the appellant applied to the Registrar of Trade Marks Malaysia to register the aforesaid trade mark and trade name with the said design. On 24 November 1987 and 11 December 1987, the second respondent filed several applications with the registrar of trade marks for the registration of the trade mark "MEIDI-YA" in romanised alphabets and kanji characters but without the said design. As they were competing applications, the registrar issued a direction pursuant to s. 19(3) of the Trade Marks Act 1976 ('the Act') directing the parties to come before the court for determination of the competing rights. The learned judge, *inter alia*, allowed the appellant to register the trade mark and trade name "Meidi FRESH BAKERY" with the said design but without the use of the word "-Ya". As for the respondents, the learned judge allowed the second respondent to register the name and trade mark

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A “MEIDI-YA” in romanised alphabets and in kanji characters. The learned judge did not make any specific ruling on the first respondent’s claim for passing off. The appellant appealed and the respondents cross-appealed.

B **Held (allowing the appellant’s appeal and dismissing the respondents’ cross-appeal)**

Per Richard Malanjum JCA delivering the judgment of the court:

C (1) The respondents failed to show that they were the first user of the trade mark and trade name in Malaysia on or before 1986 (the material date). They had not made out their case up to the standard of proof required. The fact that the same was used in Japan and in other parts of the world was immaterial for “trade mark law is very territorial in many aspects” (See *Lim Yew Sing v. Hummel International Sports & Leisure A/S*). (para 42)

D (2) The respondent’s submission that since the appellant was controlled by the Japanese at the material time and so motivated to make profit by riding on the reputation and goodwill of the established trade mark and trade name of the first respondent in Japan and elsewhere was misconceived. Since the second respondent failed to prove first user, motive was an irrelevant consideration to determine who had the right to apply for the ownership of the trade mark and trade name in Malaysia. It was not in dispute that the second respondent was only incorporated on 23 November 1987 which meant that it was not in existence when the first respondent began to use its trade mark and trade name in late 1986. Further, the second respondent was just the subsidiary of the first respondent. (paras 43, 44 & 45)

E (3) The second respondent, at best, was just an importer of the goods of the first respondent thereby depriving it of the right *per se* to claim ownership of the trade mark and trade name. Generally, it is the manufacturer of goods who is entitled to be registered as the owner of any mark he attaches to identify his goods with, not the person who imports the goods into the country (See *Hai-O Enterprise v. Nguang Chan*). (para 46)

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- (4) In an action for passing off, the plaintiff has to prove the following cumulative elements: (a) that there must have been goodwill or business belonging to the plaintiff; (b) that there had been a misrepresentation by the defendants in the course of trade to either prospective or ultimate customers; and (c) that damage has resulted or that there is a likelihood of damage. (See Singapore case of *Nation Fittings (M) Sdn Bhd v. Oystertec Plc and Anor Suit*). In the instant case, the respondents had difficulty in establishing even the first element of passing off since they were not the first user of the trade mark and trade name in issue at the material time. The respondents also failed to show goodwill of their business product in Malaysia at the material time. (paras 56, 59 & 60)
- (5) The only alternative upon which the respondents could rely on was goodwill and reputation abroad since the first respondent had been a long user of the trade mark and trade name in Japan and in other parts of the world. If damage to goodwill was only suffered abroad the tort of passing off could not be sued in Malaysia unless it was sued under the laws of that country in which the said damage occurred. However, such probability could not arise since the respondents did not frame their claim in such a way. Neither did the respondents aver that the alleged tortious conduct of the appellant if committed abroad would equally have been actionable in Malaysia. Notwithstanding, the first respondent might still be able to circumvent the hurdle to prove goodwill and reputation if it could show distinctiveness of its goods in Malaysia. However, there can be no distinctiveness when the trade mark is merely a descriptive word as opposed to a fancy name. In the instant case, there was no evidence that at the material date the first respondent was doing business in Malaysia using the trade mark or trade name now in issue. Therefore, goodwill and business or reputation being a component of passing off eluded the respondents as well. (paras 62, 69, 70, 71 & 72)
- (6) The respondents' contention that the words "Meidi-ya" being associated with the first respondent for a long time, the use of which would likely cause confusion and deception on their customers might be right in Japan and elsewhere but not in Malaysia. The words "Meidi-ya FRESH BAKERY" used by

- A the appellant should be read and considered as a whole to avoid the likelihood of confusion and deception. Accordingly, the respondents did not adduce sufficient evidence to establish the element of misrepresentation. (paras 75, 76 & 77)
- B (7) Damage is a critical element in an action for passing off. In the absence of damage, the action cannot succeed. Also, likelihood of damage due to confusion is sufficient in an action for passing off. However, since the respondents could not even establish the first two elements of passing off, there was therefore no necessity to deal with the third element. It followed that the respondents failed to establish their claim for passing off against the appellant. (paras 78 & 79)
- C

D *[The appellant's application to register the name and trade mark "Meidi-ya" together with words "FRESH BAKERY" and design depicting stalks of wheat being blown in the wind was allowed without the modification ordered by the learned judge, but the letters "Meidi-ya" should be in bold capitals.]*

Bahasa Malaysia Translation Of Headnotes

- E Responden pertama adalah sebuah syarikat yang ditubuhkan di Jepun sejak tahun 1885 dan terlibat dengan pembuatan biskut, kueh muih, pastri dan sebagainya. Responden kedua adalah subsidiari responden pertama dan ditubuhkan di Malaysia pada 23
- F November 1987. Perayu adalah sebuah syarikat yang terlibat dalam pembuatan dan penjualan roti, kueh muih dan sebagainya sejak tahun 1986. Perayu menggunakan cap dagangan dan nama dagangan "Meidi-ya FRESH BAKERY" beserta dengan rajah tangkai gandum yang sedang ditiup angin. Dalam satu permohonan bertariikh 8 Disember 1986, perayu memohon kepada Pendaftar
- G Cap Dagangan Malaysia bagi mendaftarkan cap dagangan, nama dagangan dan rajah di atas. Pada 24 November 1987 dan 11 Disember 1987, responden kedua telah memfail beberapa permohonan dengan pendaftar cap dagangan bagi pendaftaran cap
- H dagang "MEIDI-YA" dalam huruf-huruf roman dan kanji tetapi tanpa rajah yang berkenaan. Oleh kerana terdapat permohonan-permohonan yang bercanggahan, pendaftar telah mengeluarkan arahan di bawah s. 19(3) Akta Cap Dagangan 1976 ('Akta') mengarahkan pihak-pihak untuk pergi ke mahkamah bagi
- I menyelesaikan hak-hak saling bercanggah tersebut. Yang Arif Hakim, antara lain, telah membenarkan perayu mendaftarkan cad

dagangan dan nama dagangan “Meidi FRESH BAKERY” beserta dengan rajah di atas tetapi tanpa menggunakan perkataan “-Ya”. Berhubung dengan responden-responden, Yang Arif Hakim membenarkan responden kedua mendaftarkan nama dan cap dagangan “MEIDI-YA” di dalam huruf-huruf roman dan kanji. Yang Arif Hakim tidak membuat apa-apa perintah spesifik berkaitan tuntutan kelirupaan responden pertama. Perayu merayu dan responden-responden telah merayu balas.

Diputuskan (membenarkan rayuan perayu dan menolak rayuan-balas responden-responden)
Oleh Richard Malanjum HMR menyampaikan pengakiman mahkamah:

- (1) Responden-responden gagal menunjukkan bahawa mereka adalah pengguna pertama cap dagangan dan nama dagangan di Malaysia pada atau sebelum 1986 (tarikh material). Mereka tidak membuktikan kes mereka ke tahap pembuktian yang diperlukan. Fakta bahawa cap dan nama dagangan tersebut telah digunakan di Jepun dan di tempat-tempat lain di dunia adalah tidak berkaitan kerana “undang-undang cap dagangan dalam banyak aspek amat bersifat kewilayahan” (lihat *Lim Yew Sing v. Hummel International Sports & Leisure A/S*).
- (2) Hujah responden bahawa oleh kerana perayu adalah dikawal oleh orang Jepun pada waktu material dan oleh itu mempunyai motif untuk membuat keuntungan dengan mengambil kesempatan atas reputasi dan nama baik cap dagangan dan nama dagangan responden pertama yang sudah terkenal di Jepun dan di merata tempat lain adalah khilaf. Oleh kerana responden kedua gagal membuktikan pengguna yang pertama, maka motif adalah pertimbangan yang tidak relevan bagi menentukan siapa yang berhak memohon keempunyaan cap dagangan dan nama dagangan di Malaysia. Tidak dipertikaikan bahawa responden kedua hanya diperbadankan pada 23 November 1987 yang bermakna bahawa ia belum lagi wujud apabila perayu mula menggunakan cap dagangan dan nama dagangannya pada akhir 1986. Selain itu, responden kedua hanyalah subsidiari responden pertama.
- (3) Responden kedua, paling tinggipun, hanyalah pengimport barangan responden pertama sekaligus menyebabkannya tidak berhak untuk menuntut keempunyaan cap dagangan dan nama dagangan *per se*. Pada amnya, yang berhak untuk didaftarkan

- A sebagai pemunya mana-mana cap yang dipilih untuk mengenalpasti barangannya adalah pembuat barangan, bukannya orang yang mengimport barangan ke dalam negara (Lihat *Hai-O Enterprise v. Nguang Chan*).
- B (4) Dalam suatu tindakan kelirupaan, plaintif perlu membuktikan elemen-elemen gandaan berikut: (a) bahawa harus wujud goodwill atau perniagaan yang dipunyai oleh plaintif; (b) bahawa terdapat misrepresentasi oleh defendan dalam perjalanan urusan perniagaan kepada pelanggan prospektif atau
- C sebenar; dan (c) bahawa kerugian telah berlaku atau berkemungkinan akan berlaku. (Lihat kes Singapura *Nation Fittings (M) Sdn Bhd v. Oystertec Plc and Anor Sui*). Dalam kes semasa, responden-responden mengalami kesukaran untuk membuktikan walaupun elemen pertama kelirupaan disebabkan
- D mereka bukan pengguna yang pertama cap dagangan dan nama dagangan pada waktu material. Responden-responden juga gagal menunjukkan goodwill produk perniagaan mereka di Malaysia pada waktu material.
- E (5) Satu-satunya alternatif yang boleh digunapakai oleh responden-responden adalah goodwill dan reputasi di luar negara memandangkan responden pertama pada sepanjang masa merupakan pengguna lama cap dagangan dan nama dagangan di Jepun dan tempat-tempat lain di dunia. Sekiranya kerugian
- F pada goodwill hanya berlaku di luar negara maka tort kelirupaan tidak boleh didakwa di Malaysia kecuali jika ianya didakwa di bawah undang-undang negara di mana kerugian tersebut berlaku. Apapun, ini tidak mungkin berbangkit kerana responden-responden tidak merangka tuntutan mereka dengan cara sebegitu. Responden-responden juga tidak menyatakan
- G bahawa perbuatan tort perayu jikapun dilakukan di luar negara tetap boleh didakwa di Malaysia. Namun begitu, responden pertama masih lagi boleh mengelak rintangan untuk membuktikan goodwill dan reputasi jika ia boleh menunjukkan
- H kelainan barangannya di Malaysia. Bagaimanapun, kelainan tidak wujud jika cap dagangan hanya merupakan suatu perkataan deskriptif dan bukannya suatu nama yang indah. Dalam kes semasa, tidak terdapat keterangan bahawa pada waktu material responden pertama terlibat dengan perniagaan
- I di Malaysia dengan menggunakan cap dagangan atau nama dagangan yang dipertikaikan. Oleh itu, goodwill dan perniagaan atau reputasi yang merupakan komponen kelirupaan juga telah menjauhi responden-responden.

- (6) Hujah responden-responden bahawa perkataan “Meidi-ya” sudah lama bertaut dengan responden pertama, dan bahawa penggunaannya akan menyebabkan kekeliruan dan perdayaan di kalangan pelanggan-pelanggan mereka mungkin betul di Jepun dan di tempat-tempat lain, tetapi tidak di Malaysia. Perkataan “Meidi-ya FRESH BAKERY” yang digunakan oleh perayu harus dibaca dan dipertimbang secara keseluruhan bagi mengelakkan kemungkinan wujudnya kekeliruan dan perdayaan. Responden-responden, dengan itu, gagal mengemukakan keterangan yang mencukupi bagi membuktikan elemen misrepresentasi. A
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- (7) Kerugian adalah elemen penting dalam tindakan kelirupaan. Dalam ketiadaan kerugian, tindakan tidak akan berjaya. Selain itu, kemungkinan wujudnya kerugian akibat dari kekeliruan adalah memadai bagi tindakan kelirupaan. Bagaimanapun, oleh kerana responden-responden tidak pun mampu membuktikan dua elemen pertama kelirupaan, tiada keperluan untuk menangani elemen yang ketiga. Ianya mengikut bahawa responden-responden gagal membuktikan tuntutan kelirupaan mereka terhadap perayu. D
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[Permohonan perayu untuk mendaftarkan nama dan cap dagang “Meidi-ya” beserta dengan perkataan “FRESH BAKERY” serta rajah menunjukkan tangkai gandum sedang ditiup angin dibenarkan tanpa pindaan seperti yang diperintahkan oleh Yang Arif Hakim, tetapi huruf-huruf “Meidi-ya” hendaklah dalam huruf besar yang diboldkan.] F

Case(s) referred to:

- AG Spalding & Bros v. AW Gamage Ltd* [1915] 32 RPC 237 (**refd**)
Ancona Printing Ltd v. Kwik-Kopy Corp [1973] CPR (2d) 122 (**refd**)
Anheuser Busch Inc v. Budejovicky Budvar NP [1984] FSR 413 (**refd**) G
Cadbury Schweppes Pty Ltd & Ors v. Pub Squash Co Pty Ltd [1981] 1 All ER 213 (**refd**)
Compagnie General Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd [1993] 1 MLJ 55 (**refd**)
Dun & Bradstreet (Singapore) Pte Ltd & Anor v. Dun & Bradstreet (Malaysia) Sdn Bhd [1994] 1 CLJ 369 HC (**refd**) H
Erven Warnink Besloten Vennootschap v. J Townsend & Sons (Hull) Ltd [1979] AC 731 (**refd**)
Future Enterprise Pte Ltd v. Tong Seng Produce Pte Ltd [1998] 1 SLR 1012 (**refd**)
Hai-O Enterprise Bhd v. Nguang Chan [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436 HC (**refd**) I

- A *Lifestyle 1.99 Pte Ltd v. S\$1.99 Pte Ltd (T/A One.99 Shop)* [2000] 2 SLR 766 (**refd**)
Lim Yew Sing v. Hummel International Sports & Leisure A/S [1996] 4 CLJ 784 CA (**refd**)
Nation Fittings (M) Sdn Bhd v. Oystertec Plc and Another Suit [2005] SGHC 225 [2006] 1 SLR 712 (**refd**)
- B *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 (**refd**)
RH Macy & Co Inc v. Trade Accents [1992] 1 SLR 581 (**refd**)
Star Industrial Company Ltd v. Yap Kwee Kor [1976] FSR 256 PC (**refd**)
Yunnan Baiyao Group Co Ltd (Formerly Known as Yunman Baiyao Industrial Co Ltd) v. Tong Jun Chew Pte Ltd & Another [2003] 1 SLR 62 (**refd**)
- C **Legislation referred to:**
Trade Marks Act 1976, ss. 3, 19(2), (3), 25(1), (5), 82(2)
For the appellant - SF Wong (CS Indran with him); M/s Foo Teo & Assoc
For the respondents - Ambiga Sreenevasan (Wee Choo Keong, Gan Chin Ang & Gan Chia Hui with her); M/s Wee Choo Keong & Faaiz
- D *[Appeal from High Court, Kuala Lumpur; Originating Summons No: D1-24-41-1993]*
Reported by Usha Thiagarajah
- E

JUDGMENT

Richard Malanjum JCA:

F **Introduction**

G [1] There are two matters before us. One is an appeal by the appellant (1st defendant in the High Court) and the other is a cross-appeal by the respondents (plaintiffs in the High Court). For the purpose of this judgment we will address them as 1st defendant and plaintiffs or 1st and 2nd plaintiffs respectively. Both matters are directed wholly against the judgment of the High Court dated 19 August 1998 ('the judgment').

H **Facts Of The Case**

I [2] The 1st plaintiff is a company established in Japan since 1885 and is involved in a variety of business including the manufacturing and sale of a variety of food including biscuits, cakes and pastries and other food products and liquor.

[3] The 2nd plaintiff was incorporated in Malaysia on 23 November 1987 and is a subsidiary of the 1st plaintiff. A

[4] The 1st defendant is a company doing business in Kuala Lumpur and engaged in, *inter alia*, the manufacture, sale and distribution of bread, cakes and other confectionaries since late 1986. B

[5] The 1st defendant uses the trade mark “Meidi-ya FRESH BAKERY” together with the logo of stalks of wheat being blown in the wind on its goods. C

[6] By its application dated 8 December 1986 bearing No. 86/05265 (exh. D47) the 1st defendant applied to the Registrar of Trade Marks Malaysia (the registrar) for the registration under class 30 as its own of a trade mark and trade name “Meidy-ya FRESH BAKERY” together with the logo as shown herein: D

The Registrar Of Trade Mark
Malaysia
Kuala Lumpur

REPRESENTATION OF MARK E



Note that beside the presence of stalks of wheat being blown in the wind there is also the usage of the alphabets in small letters for ‘Meidi-ya’ while it is in capital letters for ‘FRESH BAKERY’. H

[7] On 24 November 1987 and 11 December 1987 the 2nd plaintiff filed several of its applications under different classes of which the relevant ones for the purpose of this judgment are those bearing Nos. 87/05653 under class 29 (exh. 46A and P15), I

- A 87/05656 under class 30 (exh. 46C), 87/05659 under class 32 (exh. P13) and 87/05937 under class 30 (exh. P17) with the registrar for the registration as its own a trade mark 'MEIDI-YA', but without the stalks of wheat, in romanised alphabets as well as
- B mark for the others are identical and as shown herein both in romanised and Kanji character:

REPRESENTASI CAP

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REPRESENTASI CAP

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Note the words are in capital letters without the presence of the words 'Fresh Bakery' and the absence of stalks of wheat being blown in the wind.

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For exh. P17 which is also under class 30 the trade mark is thus:

REPRESENTASI CAP

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Note the letters in capital letters with the words 'FRESH BAKERY' added in but without the stalks of wheat being blown in the wind.

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[8] In terms of time the application of the 1st defendant came in first.

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[9] Obvious to him that there were competing applications, the registrar issued a direction dated 15 September 1992 pursuant to s. 19(3) of the Trade Marks Act 1976 (the Act) (then s. 19(2) in the unamended Act) effectively directing the parties to come before the court for determination of the competing rights.

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[10] It is to be noted that only the application for trade mark and trade name by the 2nd plaintiff was in competition with that of the 1st defendant.

[11] However, in its originating summons filed in connection with the direction of the registrar the 1st plaintiff was not only included as a party but a claim for passing-off against the 1st defendant was also added.

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[12] The originating summons was subsequently converted to a writ action by an earlier order of the court.

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At The High Court

[13] The issues before the High Court were thus in two folds, namely:

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- A i. The priority of right to file and register the trademark as applied; and
- ii. Passing off.
- B [14] At the conclusion of the hearing the learned trial judge made certain findings of fact, *inter alia*,:
- C i. that the 1st plaintiff had been a long user of the Meidi-ya trade mark and trade name together with the distinctive logo in the form of the Kanji characters in Japan as well as in other parts of the world; and
- ii. that the 1st defendant decided to open up its bakery and confectionery business in Malaysia and for this purpose it formed Meidi (M) Sdn. Bhd.
- D [15] The learned trial judge declined to accept the explanation given for the 1st defendant on how it came to use the name of Meidi-ya as its trade mark and name. The learned trial judge found it difficult to accept the evidence of the first subscriber of the 1st defendant who said that he based his choice of the name of
- E Meidi-ya because of its resemblance to his father's name.
- [16] In considering the orders the court should make in relation to the claim and counterclaim, the learned trial judge noted that the plaintiffs took considerable period of time in applying for their
- F trade mark and trade name to be registered locally despite having become aware of the 1st defendant's business. In the meantime the 1st defendant had expended sums of money and expanded its business resulting in a thriving business.
- G [17] Having considered the above, the learned trial judge thus made the following orders substituting the original prayers sought for by the parties (verbatim):
- H 1. In relation to the plaintiffs' claim, subject to the declarations and order hereunder in respect of prayers (a), (b)(i) and (b)(ii)(A) in respect of the first defendant's counterclaim, there shall be:
- I (a) a declaration that the first defendant's application No 86/05265 for registration of the trade mark as specifically reproduced therein shall not be registered as a trade mark as so reproduced as the use of it is likely to deceive or cause confusion to the public and is accordingly prohibited under section 14(a) of the Trade Marks Act 1976;

(b) a declaration that the second plaintiff's application Nos 87/05653, 87/05655, 87/05656, 87/05658, 87/05659 and 87/05661 with the name and trade mark "MEIDI-YA" in romanized alphabets and in kanji characters, and with the addition thereto of the distinctive Meidi-ya logo, belong to the plaintiffs, and the plaintiffs, through the second plaintiff, are the lawful claimants entitled to file for registration of the said trade name, trade mark and logo under section 25 of the Trade Marks Act 1976;

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(c) an order directed to the second defendant, the Registrar of the Trade Marks Malaysia, to forthwith proceed with the processing of the second plaintiff's application Nos 87/05653, 87/05655, 87/05656, 87/05658, 87/05659 and 87/05661 and thereafter, subject to there being no formal opposition thereto and satisfaction of all other requirements and conditions for registration, to grant the second plaintiff the registration certificates therefor.

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2. In relation to the first defendant's counterclaim, subject to the declarations and order in respect of the plaintiff's claim, there shall be:

(a) a declaration that the second plaintiff's application No 87/05937 for the registration of the trade mark as specifically reproduced therein shall not be registered as a trade mark as so reproduced as the use of it is likely to deceive or cause confusion to the public and is accordingly prohibited under section 14(a) of the Trade Marks Act 1976;

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(b) a declaration that the name and trade mark "Meidi FRESH BAKERY" or, at the election of the first defendant, "Meidi (M) FRESH BAKERY" together with the logo/design depicting stalks of wheat being blown in the wind belong to the first defendant and that the first defendant is the lawful claimant entitled to file for registration of the said trade name and trade mark and accompanying logo/design under section 25 of the Trade Marks Act 1976;

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(c) an order directed to the second defendant, the Registrar of Trade Marks Malaysia, to forthwith proceed with the processing of the first defendant's application No 86/05265 as amended/modified above and thereafter, subject to there being no formal opposition thereto and satisfaction of all other requirements and conditions for registration, to grant the first defendant the registration certificate therefor.

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A 3. Each party shall bear its own costs.

4. The parties shall be at liberty to apply to give effects to the declarations and orders made herein.

B [18] In effect therefore the learned trial judge allowed the registration of D47 as the trade mark and trade name of the 1st defendant but with modification as stipulated in the order which is the prohibition on the 1st defendant to use the word or mark of ‘-Ya’ after the word ‘Meidi’ but allowed the addition of the words ‘FRESH BAKERY’ thereto together with the logo/design depicting stalks of wheat being blown in the wind. At the same time he disallowed the 2nd plaintiff from registering exh. P17 which proposed the words ‘MEIDI-YA FRESH BAKERY’ as its trade mark. He did not make any specific ruling on the claim for passing off.

C [19] It is also to be noted that the application by the 1st defendant proposing a trade mark of ‘Meidi-ya FRESH BAKERY’ together with the logo/design depicting stalks of wheat being blown in the wind is confined only to class 30 and limited to products such as bread, pastries, cakes, and confectionary, packed food and all goods falling under that class while the application by the 2nd plaintiff (No. 87/05656) under the same class is proposing a trade mark depicting only the word ‘MEIDI-YA’.

F **Before The Court Of Appeal**

[20] Dissatisfied with the orders made by the learned trial judge the 1st defendant appealed to this court. The plaintiffs cross-appealed.

G [21] We heard the submissions of learned counsel for the parties. Having deliberated on the submissions we were unanimous in our decision to order as follows (verbatim):

A.

H 1. In respect of the appeal *vis-à-vis* the Judgment we allow the appeal against the Order 1(a) in that it is set aside. We also allow the appeal against the Order 2(b) in that it is wholly deleted and substitute therefore with the following, to read:

I (b) a declaration that the name and trade mark “Meidi-ya” together with the accompanying words “FRESH BAKERY” and the logo/design depicting stalks of wheat being blown

in the wind as per the 1st Defendant's application No. 86/05265 belong to the 1st Defendant and that the 1st Defendant is the lawful claimant entitled to file for registration of the said trade name and trade mark and accompanying logo/design under Section 25 of the Trade Marks Act, 1976;

A

Accordingly we also allow the appeal against the Order 2(c) to the extent that the 1st Defendant's application No. 86/05265 is to remain unamended for consideration.

B

2. The 1st Defendant's appeal against Order 1(b) and (c) is dismissed. In effect we affirm Order 1(b) and (c) except for a minor correction of the name and trade mark "Meidi-ya" to be written in bold capital letters as in the respective applications.

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3. Order 2(a) is also affirmed.

B.

D

1. In respect of the cross-appeal by the Plaintiffs we dismiss it.

C. Each party is to pay its own costs here and below.

D. Deposits paid to be refunded to the respective parties.

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[22] In other words the main difference between our decision and that of the learned trial judge is that we allowed the application No. 86/05265 by the 1st defendant (exh. D47) to be considered for registration as its trade mark and trade name by the registrar without the modification as ordered by the learned trial judge. And except for the minor correction requiring the letters to be in bold capital for the word 'MEIDI-YA' we agreed with the other orders made by the learned trial judge.

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[23] We now give the reasons for our decision and we begin by making reference to the relevant provisions in the Act.

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[24] Section 3 of the Act defines 'trade mark' to mean:

except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person, and means, in relation to Part XI, a mark registrable or registered under the said Part XI.

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A [25] And subsection 19(3) of the Act reads:

(3) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

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(a) such applications are in respect of the same goods or description of goods; or

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(b) at least one of such applications is in respect of goods and the other or others is or are in respect of services closely related to those goods,

the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

D [26] Whereas s. 25(1) to (5) provides:

(1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner.

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(2) An application shall not be made in respect of goods or services comprised in more than one class.

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(3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such conditions, amendments, modifications or limitations, if any, as he may think right to impose.

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(4) In the case of refusal or conditional acceptance the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the material used by him in arriving at the same.

(5) A decision of the Registrar under subsection (3) is subject to appeal to the Court.

H [27] Basically the core of the contention advanced before us for the 1st defendant is that the 1st defendant was the first in time to use the trade mark and trade name in Malaysia. It was submitted that the 1st defendant started to use the trade mark and name as early as 1986 when the 2nd plaintiff was not even incorporated. It was for the 2nd plaintiff to adduce evidence of it being the first to use the trade mark in Malaysia. The fact that
I the 1st plaintiff might have used the same trade mark in Japan and

elsewhere would not affect the application by the 1st defendant as the Act is territorial in its application. The case of *Lim Yew Sing v. Hummel International Sports & Leisure A/S* [1996] 4 CLJ 784 was cited in support.

[28] It was also submitted that since the 1st defendant had the first use of the trade mark in Malaysia the plaintiffs should not have the concurrent usage of the same trade mark. And being the first in filing for registration of trade mark as well as having the prior use of the trade mark the Malaysian public has associated it with the 1st defendant. Usage by the 1st defendant would not result in confusion and deception. What should be considered should be the mark only as reproduced without any Kanji character. Indeed the prior usage of the trade mark by the 1st defendant entitled it to claim its proprietorship under s. 25 of the Act. Meanwhile the plaintiffs failed to adduce any cogent evidence of their use of the trade marks in relation to the goods of interest including bread and pastry in Malaysia before the use by the 1st defendant in 1986.

[29] It was also argued that the 1st plaintiff was not the applicant for the trade mark and the 2nd plaintiff failed to adduce any evidence that it was an importer of the goods of the 1st plaintiff at any time on or before 8 December 1986. Further, it was submitted that if the 2nd plaintiff was merely an importer of the 1st plaintiff as alleged, the 1st plaintiff should be the proper applicant for the plaintiffs' trade mark applications and not the 2nd plaintiff. Here learned counsel appeared to be highlighting the provision in subsection 19(3) of the Act.

[30] In respect of the claim for passing off learned counsel for the 1st defendant submitted that the relevant date should be 8 December 1986. He contended that unless the 2nd plaintiff could show that it was the first user as at 8 December 1986 or that the cause of action for passing off existed on or before that date, the claim of passing off against the 1st defendant would be a non-starter.

[31] The first learned counsel for the plaintiffs agreed with the first user principle of law in trade mark dispute. However she submitted that the 1st plaintiff is the rightful owner of the trade mark in issue and entitled to commence action for passing off. Notwithstanding, learned counsel conceded the need to show first

- A user in Malaysia in order to succeed. Reference was then made that there was no challenge by the 1st defendant to the evidential assertion by the plaintiffs that the trade mark was already in use in Malaysia in 1982. Learned counsel insisted that the evidence showed of the availability of customers, small in number it might have been but sufficient in law, of the 1st plaintiff in Malaysia even before 1986. The cases of *RH Macy & Co Inc v. Trade Accents* [1992] 1 SLR 581; *Compagnie General Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd* [1993] 1 MLJ 55 were cited. And it was contended that to allow the application by the 1st defendant would create confusion in the mind of customers since its proposed trade mark would not be distinguishable from that of the plaintiffs.

- [32] In response to the argument that the 2nd plaintiff was not the proper party to make the application, learned counsel for the plaintiffs contended that substitution of party could be made since the plaintiffs are in trust situation. And on the reason for the delay in taking action learned counsel said that the sequence of events should be considered.

- [33] The second learned counsel for the plaintiffs submitted that the structure of the 1st defendant should be taken into account. He said that it was Japanese-controlled and the use of its purported trade mark was obviously to misappropriate and take advantage of the reputation and goodwill of the trade mark and trade name of the 1st plaintiff in Japan so as to lure the Japanese customers in Malaysia.

- [34] Now, subsection 19(3) of the Act is concerned where 'separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and:

- (a) such applications are in respect of the same goods or description of goods; ...

- [35] Hence, the object of subsection (3) may be described as a filtering procedure to prevent deception or confusion to customers on similar goods or description of goods in relation to identical or nearly resembling trade marks.

[36] In his oral ground of judgment the learned trial judge found that the 1st plaintiff was a long user of the Meidi-ya trade mark and trade name together with the distinctive logo in the form of Kanji characters in Japan and other parts of the world. A

[37] However, the learned trial judge did not make any specific finding on the usage of the trade mark and trade name in Malaysia on or before 1986 although he had the advantage of hearing the various oral testimonies of witnesses called by both sides in addition to the documentary evidence produced before him. B

[38] Hence, the logical and reasonable conclusion is that he was not convinced with and declined to accept any of the evidence on the usage of the trade mark and trade name by the 1st plaintiff in Malaysia on or before 1986. C

[39] In other words there was therefore no finding of first user of the trade mark and trade name by the plaintiffs in Malaysia on or before 8 December 1986. D

[40] Meanwhile it is not in dispute that it was in late 1986 that the 1st defendant began to use its trade mark and trade name which involved the use of the words 'Meidi-ya' and that it filed its application for registration of its trade mark and trade name with the registrar on 8 December 1986. The 2nd plaintiff only filed in its applications on 24 November 1987 and 11 December 1987. E F

[41] On our part and in view of the absence of specific and clear finding by the learned trial judge on the first user issue we proceeded therefore to peruse the evidence made available to the learned trial judge. G

[42] With respect, we are of the view that the plaintiffs failed to show that it was the first user of the trade mark and trade name in Malaysia on or before 1986 (the material date). In the same way as probably the learned trial judge was not convinced on the balance of probability of the evidence adduced by the plaintiffs on first user claim we are equally not persuaded that the plaintiffs had made out their case up to the standard of proof required. The fact that the same was used in Japan and in other parts of the world is immaterial for 'trade mark law is very territorial in many aspects.' (See: *Lim Yew Sing v. Hummel International Sports & Leisure A/S* (supra)). H I

- A [43] It was subtly submitted that since the 1st defendant was controlled by Japanese at the material time it was motivated to make profit by riding on the reputation and goodwill of the established trade mark and trade name of the 1st plaintiff in Japan and elsewhere.
- B [44] With respect, we think such submission is misconceived. Since the 2nd plaintiff failed to prove first user, motive then is an irrelevant consideration to determine who has the right to apply for the ownership of the trade mark and trade name in Malaysia.
- C (See: *Lim Yew Sing v. Hummel International Sports & Leisure A/S (supra)*).
- D [45] Indeed from the evidence adduced it is not in dispute that the 2nd plaintiff was only incorporated on 23 November 1987 which means that it was not even in existence when the 1st defendant began to use its trade mark and trade name in late 1986. Further, it was not in contention that the 2nd plaintiff was just the subsidiary of the 1st plaintiff.
- E [46] Hence, at best the 2nd plaintiff would have been just an importer of the goods of the 1st plaintiff thereby depriving it of the right *per se* to claim ownership of the trade mark and trade name. 'Generally speaking it is the manufacturer of goods who is entitled to be registered as the owner of any mark he attaches to identify his goods, not the person who imports these goods into this country.' (See: *Hai-O Enterprise Bhd v Nguang Chan @ Nguang Chan (a firm, intervening)* [1992] 4 CLJ 1985; [1992] 2 CLJ (Rep) 436).
- F [47] Accordingly for the foregoing reasons we find no basis to deprive the 1st defendant of its right to apply to have its trade mark and trade name as reproduced in its application no. 86/05265 (exh. D47) it being the first user of such trade mark and trade name in Malaysia.
- G [48] However, the foregoing conclusion does not end the matter. The plaintiffs also claimed against the 1st defendant for the tort of passing off. In turn the 1st defendant counterclaimed against the plaintiffs premised on the same tort.
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[49] Before us learned counsel for the parties were unanimous in their complaint that the learned trial judge failed to address and consider the claim and counterclaim of passing off. It was submitted that a positive finding for one party be it on the claim or counterclaim would have had a bearing on the right to apply for the registration by the losing party. Indeed learned counsel for the 1st defendant made it clear that unless the plaintiffs could show first user or the cause of action for passing off that would be the end of their case.

[50] Now, s. 82(2) of the Act preserves 'the right of action against any person for passing off goods or services as those of another person or the remedies in respect thereof'.

[51] We have already outlined hereinabove the basic contentions advanced by learned counsel for the plaintiffs on the issue of passing off. The thrust of the argument is that the use by the 1st defendant of its trade mark and trade name as reproduced would cause confusion to the customers of the plaintiffs especially the Japanese customers who might think that they are purchasing the goods of the 1st plaintiff when in fact they are not. Several cases were cited in support of the submission. (See: *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1994] 1 CLJ 369).

[52] In response to this claim learned counsel for the 1st defendant submitted that in the present case the relevant date should be 8 December 1986, (see: *Cadbury Schweppes Pty Ltd & Ors v. Pub Squash Co Pty Ltd* [1981] 1 All ER 213), in that for the plaintiffs to succeed they must show, being the legal burden of proof with them, that they had the cause of action for passing off at that time, that is, the date of commencement of the conduct complained of. In turn of course for the counterclaim the legal burden of proof lies with the 1st defendant.

[53] It was also contended for the 1st defendant that at the time of first use of the trade mark in Malaysia the plaintiffs failed to show that they were also using the same or similar trade mark in Malaysia. As such the plaintiffs could not claim any goodwill and reputation at the material time. Any confusion arising on the use of the trade mark must therefore be due to the use by the plaintiffs and not by the 1st defendant. Learned counsel said that insofar 'as the Malaysian public is concerned, the trade mark Meidi-ya (in various derivations) is associated exclusively with' the 1st defendant and no other.

- A [54] Now, the tort of passing off is ‘the civil wrong of attempting to mislead the public into thinking that the defendant’s product is in fact a product of the plaintiff. But by itself, this is of no advantage unless the plaintiff’s product enjoys a goodwill that the defendants may benefit from the passing off’. (See: *Yunnan Baiyao Group Co Ltd (Formerly Known as Yunnan Baiyao Industrial Co Ltd) v. Tong Jum Chew Pte Ltd & Another* [2003] 1 SLR 62).
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- C [55] Further, the tort of passing off protects the goodwill of the business in which trade mark or trade name is used and not the trade mark or trade name itself. (See: *Star Industrial Company Ltd v. Yap Kwee Kor* [1976] FSR 256 PC).

- D [56] As for the elements of the tort of passing off the Singapore case of *Nation Fittings (M) Sdn Bhd v. Oystertec Plc and Another Suit* [2005] SGHC 225 [2006] 1 SLR 712 has succinctly described them in these words:

In order to succeed in its action for passing off, the plaintiff has to prove the following (cumulative) elements:

- E (a) that there must have been goodwill or business belonging to the plaintiff (some cases used the phrase ‘goodwill and reputation’ (see: *Reckitt & Colman Products Limited v. Borden Inc* [1990] 1 WLR 491));
- F (b) that there had been a misrepresentation by the defendants in the course of trade to either prospective or ultimate customers; and
- (c) that damage has resulted (or that the likelihood of damage will arise as a result).
- G (See also: *Erven Warnink Besloten Vennootschap v. J Townsend & Sons (Hull) Ltd* [1979] AC 731).

- H [57] Hence, the question to ask is whether the elements of passing off have been satisfied by the respective parties to justify their claim or counterclaim based on the evidence adduced.

- I [58] We deal first with the claim by the plaintiffs. To do so requires some discussion on the basic legal principles relating to those stated elements of passing off.

[59] But before proceeding we are of the view that even on the first element of passing off the plaintiffs had difficulty in establishing it. This is because we have concluded earlier on that in Malaysia the plaintiffs were not the first user of the trade mark and trade name in issue at the material time. A

[60] Moreover, the evidence adduced by the plaintiffs could not be said to have been sufficient basis for the court to find the element of goodwill and reputation connected to the product of the plaintiffs. Indeed goodwill is generally related to trading activities being part and parcel of it. The plaintiffs failed to show goodwill of their business product in Malaysia at the material time. B C

[61] Reference was made to some business companies allegedly dealing with the products of the 1st plaintiff even before the material date. However the evidence showed that these companies commenced business in Malaysia after the material date. D

[62] Hence, the only alternative upon which the plaintiffs may rely on is goodwill and reputation abroad since from the evidence adduced the learned trial judge found that the 1st plaintiff has been a long user of the trade mark and trade name in Japan and in other parts of the world. E

[63] It is trite law that the burden is on the party making the claim to establish not a reputation in the trade mark or trade name itself but a goodwill or reputation connected to the business in which it is engaged by association with the trade mark or trade name. F

[64] And in the tort of passing off goodwill is territorial in scope while reputation as generally understood thereof requires 'some form of business in the territory in question'. G

[65] Further, goodwill is a legal property capable of being protected whilst reputation remains a question of fact.

[66] Hence, a business with goodwill would have reputation yet its quantum remains a matter of degree. H

[67] On the other hand 'existence of reputation associated with a name, product or mark does not necessarily imply the existence of goodwill'. I

A [68] In fact the goodwill acquired by a product internationally
need not necessarily contribute to its goodwill existing in a
particular territory where the claim of passing off is made. (See:
B *Future Enterprise Pte Ltd v. Tong Seng Produce Pte Ltd* [1998] 1 SLR
1012; *Anheuser Busch Inc v. Budejovicky Budvar NP* [1984] FSR
413).

[69] Thus, for instance, if damage to goodwill were only suffered
abroad the tort of passing off cannot be said to have been
completed in Malaysia. The solution would be to sue in Malaysia
C for passing off under the laws of that country where the damage
to the goodwill occurred.

[70] In the present case however such probability could not arise
since the plaintiffs did not frame their claim in such a way. Neither
D did the plaintiffs aver that the alleged tortious conduct of the 1st
defendant if committed abroad would equally have been actionable
in Malaysia.

[71] Notwithstanding, the 1st plaintiff might still be able to
circumvent the hurdle to prove goodwill and reputation if it can
show distinctiveness of its goods in Malaysia. 'Distinctive' is of
E course 'a term of art in the law of passing-off and bears a meaning
at variance with that in everyday use. In relation to a name or
mark, it denotes the goods of the plaintiffs to the exclusion of
other traders'. (See: *Lifestyle 1.99 Pte Ltd v. S\$1.99 Pte Ltd (T/A*
F *One.99 Shop)* [2000] 2 SLR 766). However there can be no
distinctiveness without business especially when the trade mark
claimed is merely a descriptive word as opposed to fancy name.
In the present case there was no evidence adduced that at the
material date the 1st plaintiff was doing business in Malaysia using
G the trade mark or trade name now in issue.

[72] Thus, in the final analysis, goodwill and business or
reputation, being a component of passing off, eluded the plaintiffs
as well.

H [73] Since even the first element of passing off has not been
established by the plaintiffs we need not go any further. But in
the event that we are wrong we thus address the next element of
passing off, namely, misrepresentation.

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[74] 'The test in determining if there will be misrepresentation in a *quia timet* action was whether there was a real risk that the defendant's representation would have deceived a substantial number of persons of the relevant section of the public into believing either that the goods or services of the defendant were those of the plaintiff or that there was a business connection between the plaintiff and the defendant in relation to the goods or services provided by them'. (See: *AG Spalding & Bros v AW Gamage Ltd* [1915] 32 RPC 237).

[75] In the present case it is the contention of the plaintiffs that the word 'Meidi-ya' has been associated with the 1st plaintiff for a long time. Hence, any use of the word would likely to cause confusion and deception on their customers. However, in our view that may be right in Japan and elsewhere but not in Malaysia.

[76] We would think that the term used by the 1st defendant, namely, 'Meidi-ya FRESH BAKERY' should be read and considered as a whole. If that is done the likelihood of confusion and deception should not arise. We find similarity in this case to that of the Canadian case where the court did not find the necessity to continue the ex-parte injunction given to the plaintiff which used the words 'Kopy Kwik Printing' for its copying and duplicating business to restrain the defendant from using the words 'Kwik-Kopy Printing'. (See: *Ancona Printing Ltd v. Kwik-Kopy Corp* [1973] CPR (2d) 122).

[77] Accordingly, we do not think the plaintiffs have adduced sufficient evidence to establish the element of misrepresentation.

[78] Next is on issue of damage. Damage is a critical element in an action for passing off. In the absence of damage, the action cannot succeed. And likelihood of damage due to confusion is sufficient for an action for passing off. (See: *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341). However, since in this case the plaintiffs could not even establish the first two elements of passing off there is therefore no necessity for us to deal with the third element.

[79] For the above reasons we hold that the plaintiffs failed to establish their claim for passing off against the 1st defendant.

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- A [80] The 1st defendant in its counterclaim also pleaded passing off against the plaintiffs. But in submission before us that point was not given much emphasis. Anyway, we do not think there is much to argue that in Malaysia it was the 1st defendant which had the first use of the trade mark and trade name in issue.
- B [81] Hence, in respect of its claim for passing off against the plaintiffs we find that not much evidence was adduced by the 1st defendant on the essential elements to substantiate its claim. At any rate in view of our suggested approach to the trade mark and defendant, that is, to read and give effect to it as a whole instead of just and only the word 'Meidi-ya', the question of misrepresentation, confusion or deception should not arise.
- C [82] Accordingly we also find that the 1st defendant failed to establish its claim for passing off against the plaintiffs.
- D [83] In conclusion we therefore say this. We allow the appeal by the 1st defendant against the order of the learned trial judge prohibiting it from using exh. D47 in exercise of its right to apply for registration of its trade mark and trade name pursuant to s. 25 of the Act simply because the evidence adduced supported, on the balance of probability, the finding that it was the first user of the name 'Meidi-ya FRESH BAKERY' with the logo of stalks of wheat being blown in the wind in Malaysia.
- E [84] And for the reason above we affirm the decision of the learned trial judge to disallow the 2nd plaintiff from using the trade mark and trade name as indicated in exh. P17 when exercising its right to apply for registration under the Act.
- F [85] As regards the other applications of the plaintiffs which the learned trial judge allowed to be used we affirm that order.
- G [86] We find no merit in the objection by the 1st defendant for the 2nd plaintiff to use such trade mark and trade name since it only involves the use of the word 'Meidi-ya' without the word 'FRESH BAKERY' and the stalks of wheat being blown in the wind. Further, they are applied in different classes under the Act. Thus, in our view there are more than sufficient distinguishing features between the two trade marks and trade names.
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[87] More so when the 1st defendant is not using the Kanji character in its trade mark and trade name. We do not think deception and confusion as envisaged in s. 19(3) of the Act could arise in this case. **A**

[88] Accordingly we hereby order as we did when we made our decision on 28 October 2005. **B**

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